

INTRODUCTION

In accordance with California Insurance Code Section 12921.1, the Consumer Complaint Study is published by the California Department of Insurance (CDI) to assist insurance consumers as they shop for insurance. In addition to using this survey, consumers should also consider coverages, premiums, agent service, and insurer financial strength before buying a policy.

The CDI investigates consumer complaints and identifies whether the complaint is justified, question-of-fact, or does not fall within either category. This leaves a remaining balance of complaints. Justified complaints often require additional review as violations of California insurance laws may exist. In 1999, the Department's Consumer Hotline handled over 530,000 calls related to general insurance questions. During this same time period, over 29,500 complaint files were opened in response to mail received and complaint calls taken over the Hotline. As a result of these mediation efforts, over \$16,300,000 was recovered for policyholders.

How to use the study

The table(s) in the study provide the following about each individual company: 1999 rank, company name, approximate number of policies or exposures in California for 1999, justified complaint ratio, number of justified complaints, number of question-of-fact complaints (see Definitions below), remaining balance of complaints, and total number of complaints for years 1999, 1998, and 1997.

The CDI ranks insurers according to their justified complaint ratio. The justified complaint ratio is based on the number of justified complaints per 100,000 policies or exposures. For those companies without a ratio, ranking is done by the policy or exposure count. The CDI Complaint Study only includes complaints that are closed for a given year regardless of when the complaints were filed. For this study, statistics are for those complaints closed from January 1 through December 31 for calendar years 1999, 1998, and 1997.

Example

Ratio

'99 Rank	Company Name (from Best to Worst)	1999 Approx. Exposure Count	Justified Complaint Ratio			Number of Justified Complaints		
			1999	1998	1997	1999	1998	1997
26	Company A	200,000	0.5	1.1	1.7	1	2	3
27	Company B	300,000	0.7	1.7	2.2	2	3	4
28	Company C	350,000	0.9	2.2	2.8	3	4	5
29	Company D	375,000	1.1	2.8	3.3	4	5	6

The table above is used to illustrate how to read the table(s) in the study. From the table, one can learn the following information about Company C:

- Company C is ranked 28th best company among 50 large insurers for homeowners insurance in 1999. In other words, 27 companies had a lower, or better, complaint ratio than Company C.
- Company C insured approximately 350,000 homeowners exposures.
- The company's Justified Complaint Ratio for 1999 is 0.9 - based on the number of justified complaints closed between January 1, 1999 through December 31, 1999 to the number of 100,000 earned exposures. Thus, Company C's 0.9 ratio implies that for every 100,000 earned exposures, the company had 0.9 justified complaints closed against them.
- The Department closed 3 justified complaints for Company C in 1999.

Complaint Detail

'99 Rank	Company Name (from Best to Worst)	Number of Justified Complaints			Number of Question-of-Fact Complaints			Balance			Total Number of Complaints		
		1999	1998	1997	1999	1998	1997	1999	1998	1997	1999	1998	1997
26	Company A	1	2	3	0	1	2	2	3	4	3	6	9
27	Company B	2	3	4	1	2	3	3	4	5	6	9	12
28	Company C	3	4	5	2	3	4	4	5	6	9	12	15
29	Company D	4	5	6	3	4	5	5	6	7	12	15	18

- The Department closed 3 justified complaints for Company C in 1999.
- The Department closed 2 question-of-fact complaints for Company C in 1999.
- There were 4 complaints not meeting the criterion for either a justified or question-of-fact complaint against Company C during 1999.
- A total of 9 complaints were received against Company C in 1999.

DEFINITIONS

Exposure

In general, an exposure is defined as the risk or loss potential an insurance company assumes from its policyholder in exchange for premium. However, it is important to note that there can be multiple exposures under one policy. For example, an insurer may cover several vehicles, or exposures, under one automobile policy.

This report studied exposures on an EARNED basis. Earned exposure is defined as a condition where the exposure is recognized by the insurance company after time has passed and the insurance company has delivered the services promised under the insurance policy.

In-Force Business

Number of insurance policies that are paid-up (or are being paid) that a life or health insurance company has on its books.

Policy

The written agreement that puts insurance coverage into effect.

Justified Complaint

The criteria applied to determine if a complaint is justified are specified in the California Code of Regulations (CCR), Title 10, Subchapter 7.4. Consumer Complaints, Section 2694.

(a) A consumer complaint shall be deemed justified within the meaning of California Insurance Code (CIC), Section 12921.1(b) where it meets any one or more of the following criteria:

(1) the Department determines that the licensee's act, acts, omission or omissions were in noncompliance with a specific provision or provisions of the CIC, CCR, or other applicable laws

and/or regulations;

(2) the Department determines that the licensee's act, acts, omission or omissions were in contravention of an approved rate filing or filings;

(3) the Department determines that the licensee's act, acts, omission or omissions were in contravention of the licensee's rules, policies, procedures or guidelines as relates to sales, marketing, advertising, underwriting, rating, claims and/or customer service, including rate manual filings, underwriting guidelines and/or other filings, statements or guidelines either submitted to the Department or to which the Department would have access during a market conduct examination and the Department determines that there was no substantial justification for deviation from such rules, policies, procedures or guidelines on the facts presented. For purposes of this subsection, all time restrictions or requirements for reply, response, or other legally required insurer action, shall be measured as against applicable time restrictions or parameters established in the CIC, CCR, or other applicable laws and/or regulations.

(4) the Department determines that the licensee's act, acts, omission or omissions were in contravention of, or were otherwise inconsistent with, a provision or provisions of the insurance policy, contract, bond, or other agreement entered into by the relevant parties;

(5) the Department determines that after receiving a written or documented oral communication related to a claim, benefit underwriting or rating transaction, from a policyholder, insured, applicant, third party claimant, beneficiary, principal, or other party with a legitimate interest in the transaction, where that communication reasonably suggests that a response is expected, the licensee has failed to respond or did not provide a complete response, based on the facts then known by the licensee, within the applicable time restrictions established in the CIC, CCR, other applicable laws and/or regulations or, in the absence of such restrictions, the licensee fails to respond within 15 days. A complete response is defined as one that addresses all issues raised and includes copies of any documentation needed to support the licensee's position.

(6) the Department determines that the specific facts surrounding the complaint as against an insurer merit remedial action within the authority of the Commissioner.

Question of Fact Complaint

The information available is not conclusive and the Department, because it has no judicial authority, is unable to adjudicate the facts. For resolution, a determination must be made by some other entity such as the courts.

Balance

It has been determined that the complaint is not a question-of-fact or does not meet any of the criterion which define a justified complaint under Section 12921.1 (b) of the California Insurance Code.

Total Number of Complaints

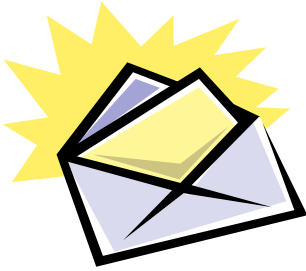
This is the aggregate number of complaints received for justified, question-of-fact, and balance.

TALK to US

Do you have a question, comment or concern?
There are several ways to talk to us:



1. **Call** our consumer Hotline at **(800) 927-HELP**
Callers within the Los Angeles area please dial **(213) 897-8921**
Telecommunication Device for the Deaf dial **(800) 482-4TDD**



2. **Write:** **California Department of Insurance**
300 South Spring St., South Tower
Los Angeles, CA 90013



3. **E-mail** us through our website at
www.insurance.ca.gov

4. **or visit us in person on the 9th Floor at the address above.**
Monday through Friday 8:00 AM to 5:00 PM P.S.T. excluding holidays